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 Current Handling: n/a  
 Document Number: 2001BOGOTA05008

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 ACTION WHA-00

RELEASED IN PART  
 B1, 1.4(B), 1.4(D)

INFO	LOG-00	NP-00	AID-00	CEA-01	CTME-00	INL-00	DINT-00
	DODE-00	DOTE-00	SRPP-00	DS-00	EAP-00	EB-00	EXIM-01
	E-00	FAAE-00	FBIE-00	VC-00	FRB-00	H-01	TEDE-00
	INR-00	ITC-01	L-00	VCE-00	MMP-00	AC-01	NSAE-00
	OES-01	OMB-01	OPIC-01	PC-01	PM-00	PRS-00	ACE-00
	SCT-00	SP-00	SSO-00	SS-00	STR-00	TRSE-00	USIE-00
	ASDS-01	EPAE-00	PMB-00	DSCC-00	DRL-02	G-00	NFAT-00
	SAS-00	/012W					

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P 051850Z JUN 01  
 FM AMEMBASSY BOGOTA  
 TO SECSTATE WASHDC PRIORITY 1802  
 INFO USDOC WASHDC  
 DEPT OF ENERGY WASHDC  
 AMEMBASSY LIMA  
 AMEMBASSY CARACAS  
 AMEMBASSY QUITO  
 AMEMBASSY LA PAZ  
 AMEMBASSY PANAMA  
 CIA WASHDC  
 DIA WASHDC  
 NSC WASHDC  
 USCINCSO MIAMI FL

AMEMBASSY HANOI

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 C O N F I D E N T I A L SECTION 01 OF 02 BOGOTA 005008

STATE FOR WHA/AND, WHA/ESPC  
 STATE PASS OPIC FOR DMORENESE  
 STATE PASS EXIMBANK FOR AMERICAS DIVISION  
 COMMERCE FOR 4331/IEP/OLA/AND/JANGLIN AND FOR  
 3134/USFCS/IOI/WH/DLUTTER  
 ENERGY FOR GARY WARD AND ERIKA BENSEN  
 HANOI FOR BERG

E.O. 12958: DECL: 5/30/06  
 TAGS: EPET, ENRG, ECON, PTER, CO  
 SUBJECT: GASOLINE: ANOTHER SOURCE OF ILLEGAL INCOME FOR

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UNITED STATES DEPARTMENT OF STATE  
 REVIEW AUTHORITY: WILLIAM E LANDFAIR  
 DATE/CASE ID: 14 JAN 2004 200203418

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ARMED GROUPS

1. (U) CLASSIFIED BY AMB. ANNE W. PATTERSON FOR REASONS  
1.5 (B&D).

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SUMMARY

2. (C) DURING A MEETING WITH EMBOFFS, MAURICIO BRETON,  
DIRECTOR OF REFINED PRODUCTS AND HEAD OF THE FUEL THEFT  
TASK FORCE OF STATE OIL CONCERN ECOPETROL, TOLD US THAT  
ECOPETROL HAS BEEN LOSING ABOUT 3 PERCENT OF ITS  
GASOLINE TO THEFT IN THE LAST TWO YEARS (ABOUT USD 74  
MILLION.)

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END

SUMMARY.

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THE NUMBERS

3. (U) ON MAY 29 ECONOFF AND DAO ANALYST MET WITH  
BRETON TO DISCUSS THE THEFT OF GASOLINE (REGULAR AND  
DIESEL) FROM PIPELINES IN COLOMBIA. THE STATISTICS  
BRETON PRESENTED SHOW A STEEP INCREASE IN FUEL THEFT  
SINCE 1997, FROM 0.1 PERCENT OF FUEL PUMPED TO 3.1  
PERCENT IN THE FIRST THIRD OF 2001. HISTORICALLY, THE  
MAJORITY OF THE THEFTS ARE CONCENTRATED ALONG TWO  
DISTRIBUTION LINES: GALAN-SALGAR (FROM THE REFINERY IN  
BARRANCABERMEJA TO THE MAIN DISTRIBUTION POINT IN  
PUERTO SALGAR) AND POZOS-GALAN (A LINE FOR IMPORTED  
GASOLINE RUNNING FROM THE PORT IN SANTA MARTA TO  
BARRANCABERMEJA). SINCE FEBRUARY 2001 ECOPETROL SHUT  
DOWN POZOS-GALAN AS COLOMBIA DID NOT NEED FURTHER  
IMPORTS OF GASOLINE, SO ALL THE THEFTS THIS YEAR HAVE  
BEEN CONCENTRATED ON GALAN-SALGAR.

4. (SBU) IN 2000 ECOPETROL LOST NEARLY 2 MILLION  
BARRELS OF FUEL TO THEFT, 3 PERCENT OF THE TOTAL VOLUME  
OF 66.5 MILLION BARRELS. THIS REPRESENTED A LOSS OF

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USD 74 MILLION OUT OF AN ANNUAL GASOLINE INCOME OF USD 2 BILLION. IN THE FIRST FOUR MONTHS OF 2001 ECOPETROL LOST 440K BARRELS, OR 3.1 PERCENT OF THE 15 MILLION  
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PUMPED, AT A COST SO FAR OF USD 16 MILLION. ACCORDING TO BRETON, IF THE THEFTS CONTINUE AT THIS RATE ECOPETROL WILL LOSE 3.5 PERCENT OF ITS GASOLINE IN THE 2001. IN BRETON'S OPINION THIS LOST INCOME IS PARTICULARLY WORRISOME TO ECOPETROL (AND BY EXTENSION TO THE GOC BUDGET) WHEN COMBINED WITH THE USD 77 MILLION IN POTENTIAL PROFITS LOST ANNUALLY DUE TO GASOLINE PRICE SUBSIDIES.

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WHO IS STEALING

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INFO	LOG-00	NP-00	AID-00	CEA-01	CTME-00	INL-00	DINT-00
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ARMED GROUPS

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TRYING TO STOP IT  
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6. (SBU) AS PART OF ITS EFFORTS TO COMBAT THE THEFT,

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ECOPETROL HAS INSTALLED METERS WHICH DETECT CHANGES IN PRESSURE ALONG A PIPELINE CAUSED BY TAPPING. BUT ECOPETROL MUST RELY ON THE POLICE AND THE MILITARY TO CONFIDENTIAL

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RESPOND TO THE DETECTED TAPINGS, RESPONSE TIME IS SLOW AND THEREFORE FEW CRIMINALS ARE CAUGHT IN THE ACT. EVEN IF ROBBERS ARE CAUGHT IN THE ACT, HOWEVER, THE CURRENT PENALTIES ARE NOT TOUGH ENOUGH FOR EFFECTIVE DETERRENCE. ECOPETROL IS WORKING WITH THE COLOMBIAN CONGRESS TO CREATE STIFFER PENALTIES BY ALLOWING PROSECUTORS TO BUNDLE TOGETHER CHARGES SUCH AS ENVIRONMENTAL DAMAGE AND ILLEGAL USE OF GOVERNMENT PROPERTY WITH THEFT, THEREBY CREATING HIGHER PENALTIES. ECOPETROL NOW MARKS ALL GASOLINE AND DIESEL LEGALLY SOLD BY USING DYES AND FLUORESCENT CHEMICALS, MAKING IT EASY TO IDENTIFY LEGAL GAS IN STATIONS AND ON TRUCKS. THE ECOPETROL THEFT TASK FORCE IS ALSO ACTIVELY CONSULTING WITH INTERNATIONAL OIL COMPANIES TO FIND THE MOST EFFECTIVE COUNTER-THEFT TECHNOLOGY CURRENTLY AVAILABLE.

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COMMENT

7. (C) GASOLINE THEFT IS CONSIDERED A SOURCE OF EASY PROFITS FOR ILLEGALLY ARMED GROUPS. THE EASE OF THE THEFT AND THE LACK OF EFFECTIVE COUNTERMEASURES MAKE THIS ONE MORE SECURITY SITUATION DETERRING POTENTIAL REFINING INVESTORS FROM ENTERING THE COLOMBIAN MARKET; ALTHOUGH THERE IS ONE PRIVATE REFINERY CURRENTLY UNDER CONSTRUCTION. MORE WORRISOME FOR THE GOC BUDGET IS THE EFFECT THE FINANCIAL LOSSES, COMBINED WITH THE SUBSIDY OF GAS PRICES CAN HAVE ON OVERALL ECOPETROL PROFITS. IN A YEAR WHEN OCCIDENTAL PETROLEUM HAS NOT PUMPED A BARREL OF CRUDE SINCE FEBRUARY 1, USD 140 MILLION IN

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LOST PROFITS CAN HAVE SERIOUS EFFECTS ON ECOPETROL'S BUDGET. HISTORICALLY GASOLINE SIPHONING HAS BEEN LARGEY CARRIED OUT BY THE ELN GUERRILLA GROUP. THAT THE PARAMILITARIES ARE NOW THE PRINCIPAL ACTORS REFLECTS THEIR INCREASING CONTROL OF THE BARRANCABERMEJA AREA, FORMERLY AN ELN STRONGHOLD.

8. (C) DAO COMMENT:

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